

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE VERIFIED APPLICATION OF THE)	
BRANDENBURG TELEPHONE COMPANY, INC.)	
FOR A CERTIFICATE OF PUBLIC)	CASE NO.
CONVENIENCE AND NECESSITY TO CONSTRUCT)	93-357
A NEW HEADQUARTERS FACILITY IN)	
BRANDENBURG, KENTUCKY)	

O R D E R

On January 23, 1995, the Commission by Order scheduled a public hearing regarding the application for a Certificate of Public Convenience and Necessity to construct a new headquarters facility filed by Brandenburg Telephone Company, Inc. ("Brandenburg Telephone"). By motion filed December 28, 1994, Brandenburg Telephone requested this hearing and also requested that the Commission address several other motions at the hearing. In addition, Brandenburg Telephone's requests for two informal conferences with Commission Staff to discuss this application have been granted.

Brandenburg Telephone has filed multiple motions requesting that it be relieved from providing construction and engineering information regarding the proposed facility. The Commission will address these motions at the March 14, 1995 hearing except for Brandenburg Telephone's July 7, 1994 motion to recuse Vice Chairman Davis which will be addressed in this Order. Brandenburg Telephone contends Vice Chairman Davis's concurring opinion in Case No. 92-

563¹ reflected facts which are not in this record and that he reached a conclusion on the merits of this application in that case. The concurring opinion referenced a building which was discussed in the 1987 and 1988 Commission investigation of Brandenburg Telephone's earnings and stated that the shareholders of Brandenburg Telephone had relied upon the need for a new facility to bolster their claim that the utility was not overearning at that time. The case referenced in the concurring opinion, Case No. 9859,² was concluded on February 1, 1988 by Order adopting a settlement agreement three months after Vice Chairman Davis was appointed to the Commission.³ He participated in that proceeding and signed the final Order, and was properly aware of the basis for Brandenburg Telephone's positions and those of Commission Staff on both the investigation and the settlement. Further, nothing in the concurring opinion remotely suggests a prejudice against the need of a new building. The motion for recusal should be denied.

The Order setting the March 14, 1995 hearing noted that an issues list would be forthcoming. The issues to be addressed by Brandenburg at the hearing should include:

1. Architectural and engineering costs.

¹ Case No. 92-563, An Investigation Into The Reasonableness Of The Earnings Of Brandenburg Telephone Company, Inc., Order Dated March 25, 1994.

² Case No. 9859, An Investigation Into The Reasonableness Of The Earnings Of Brandenburg Telephone Company, Inc.

³ Vice Chairman Davis' appointment was confirmed by Senate Resolution No. 19, signed November 29, 1988.

2. Architectural and engineering design plans.
3. Architectural and engineering materials.
4. Earthmoving and roadbuilding plans.
5. The manner in which Brandenburg secures its contracts for construction projects and reaches contracting decisions.
6. The date by which complete as-bid and final plans, materials list, and specifications will be available, including those for the headquarters building, warehouse, and garage.
7. The date by which complete as-bid and final drawings will be available for the grading, earthmoving, and roadbuilding projects.
8. Whether the approximately 30 acres (29.328 acres) of land which is not required to physically support Brandenburg Telephone's intended use should be included in Federal Communications Commission ("FCC") Part 32 Uniform Systems of Accounts for Telecommunications Companies, Account 32.2006, which exclude by definition "land acquired for which there is not a definite plan of use in telecommunication service" or "land acquired in excess of that required for telecommunications purposes."
9. A determination of the cost per square foot of the three structures, including only those items allowed in Part 32 FCC Account 2121.
10. Whether the cost of installing utility services, such as gas, water, and electricity, should be capitalized as plant or expensed.

11. The appropriateness of including in rate base the architectural or engineering fees on items such as wall coverings, carpet, and draperies.

12. Whether the construction expenditures associated with decorative or aesthetic additions which do not enhance the telecommunication service should be financed by ratepayers or by stockholders.

13. Whether the proposed construction will involve sufficient capital to materially impair the existing financial condition of Brandenburg Telephone, requiring it to seek a rate increase.

14. Whether the Commission should visit Brandenburg Telephone facilities at its present location and its proposed location.

15. Whether the Commission should relieve Brandenburg Telephone of the requirement that it answer Item 8 of the May 10, 1994 Order relating to independent appraisals for verification of the appropriateness of the land costs.

16. Whether the Commission should "substantially reduce the level of administrative review to which this application" is subject as requested in the July 7, 1994 motions of Brandenburg Telephone.

17. Whether Brandenburg Telephone should be relieved of the requirement to respond to the following parts of Item 1 of the Commission's May 10, 1994 Order as requested in the December 28, 1994 motion of Brandenburg Telephone:

(a) Complete set of final drawings.

(b) Final interior and exterior building specifications.

(c) Separate, final material lists for the headquarters building, warehouse, and covered parking.

(d) Specifications and final drawings for the grading and earthmoving projects.

(e) Mechanical system drawings, specifications, and estimated costs.

(f) Electrical system drawings, specifications, and estimated costs.

(g) A copy of the "program" supplied to the architect prior to the commencement of design work.

(h) Job specifications prepared for subcontractors.

(i) Justifications for the proposed covered parking for 20 vehicles at 426 square feet per vehicle and the need for individual bays.

(j) Material prices and construction costs which justify a \$120,000 parking garage.

(k) Material prices and construction costs which justify a \$250 per square foot cost for the headquarters building.

(l) Material prices and construction costs which justify a \$50 per square foot cost for the warehouse.

(m) Material prices and construction costs which justify a \$100 per square foot cost for the warehouse lounge. Is this in addition to \$50 per square foot for general warehouse space?

(n) Material prices and construction costs which justify a \$150 per square foot cost for warehouse restrooms and showers. Is this in addition to \$50 per square foot for general warehouse space?

Because Brandenburg Telephone has not responded to Commission Orders that information be furnished, it may be necessary to obtain this information for the record after the public hearing.

Having considered the motions of Brandenburg Telephone and having been otherwise sufficiently advised, the Commission HEREBY ORDERS that:


1. Brandenburg Telephone shall address the issues identified herein at the March 14, 1995 hearing.

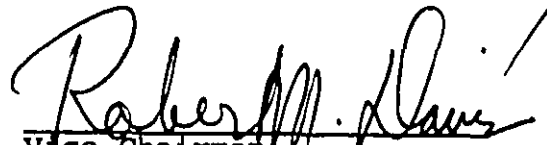
2. Brandenburg Telephone shall supply a list of witnesses and prefiled testimony for each witness no later than 20 days from the date of this Order.

3. The motion to recuse the Vice Chairman is denied.

Done at Frankfort, Kentucky, this 14th day of February, 1995.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director